

## PERSONNEL SYSTEMS

*State Personnel Functions*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
1. The executive branch personnel programs are fragmented.	<ul style="list-style-type: none"> <li>▪ Coordinate more effectively the human resource management functions.</li> <li>▪ Centralize policy and agency support.</li> <li>▪ Decentralize day-to-day management.</li> <li>▪ Implement a human resource planning function in OSP.</li> <li>▪ Have Teachers' and State Employees' Major Medical Plans report to the State Personnel Director.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensures all programs are effective and fully integrated within an overall human resource plan.</li> <li>▪ Provides managers with appropriate flexibility to manage personnel.</li> <li>▪ Coordinates recruiting, selecting, organizing, training, and developing of the State work force.</li> <li>▪ Allows the State to manage, implement, and evaluate benefit programs from a total compensation perspective.</li> </ul>	3.11
2. There are Statewide employment practice inconsistencies and inequities.	<ul style="list-style-type: none"> <li>▪ Treat temporary employees performing like duties equally.</li> <li>▪ The General Assembly needs to develop formal human resource management policies and practices.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Restores pay equity for temporary State employees performing similar work.</li> <li>▪ Alleviates the failings and inequities of General Assembly personnel practices.</li> </ul>	3.21

**PERSONNEL SYSTEMS**  
State Personnel Functions

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
3. The State personnel function lacks the appropriate professional tools, techniques, and experience requirements.	<ul style="list-style-type: none"> <li>▪ Define minimum professional qualifications for the candidates for the State personnel director and agency personnel director positions.</li> <li>▪ Establish a results-based performance measurement system to monitor goal achievement.</li> <li>▪ Change the title of the "Office of State Personnel" to the "Office of Human Resource Management." <i>(The recommendation to change the title of the Office was not endorsed by GPAC.)</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensures qualified appointees will lead the State's human resource management functions.</li> <li>▪ Provides management with the appropriate benchmarks for determining the effectiveness of State policy and practices.</li> <li>▪ Provides a cost-effective mechanism for collection and reporting of management information.</li> </ul>	3.24
4. The morale among State managers and workers is poor.	<ul style="list-style-type: none"> <li>▪ Continue the practice of conducting annual employee opinion surveys and communicate results along with any plans that address the employees' concerns.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase employee awareness of the State's commitment to enhance job satisfaction, increase motivation, and improve job performance.</li> </ul>	3.28
5. The State's culture and policies do not discourage patronage considerations in hiring decisions.	<ul style="list-style-type: none"> <li>▪ State policy and certification procedures should be enacted to ensure that hiring of non-policy positions be made without regard to political affiliation or influence.</li> <li>▪ Broaden advertisements of State job openings and lengthen the application period.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improves existing State policies on hiring the most qualified applicant and discourages political patronage in non-policy job hirings.</li> <li>▪ Encourages open competition for available State positions.</li> </ul>	3.30

## PERSONNEL SYSTEMS

### *Classification System and Compensation Plan*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>6. The classification system has not had a comprehensive review since 1949 and has an excessive number of classifications.</p>	<ul style="list-style-type: none"> <li>▪ Develop and implement a new classification and compensation system that includes:               <ul style="list-style-type: none"> <li>▪ Reviewing and revising laws, policies, and procedures for determining SPA/EPA designations</li> <li>▪ Assessing current university and agency EPA/SPA designations</li> <li>▪ Consolidating titles within classes and creating more generic job titles</li> <li>▪ Providing for dual (i.e., management and technical) tracks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Determines which jobs are currently paid below, at, or above the competitive market and removes inequities.</li> <li>▪ Provides a statutory and policy foundation for an effective classification and compensation plan.</li> <li>▪ Determines which jobs should be SPA or EPA and removes inequities.</li> <li>▪ Provides management greater flexibility in assigning tasks to employees and provides State employees greater job/career mobility.</li> <li>▪ Provides State employees greater vertical growth without fostering excessive layers of management.</li> </ul>	<p>3.38</p>
<p>7. The State compensation system is heavily weighted toward across-the-board raises and longevity pay.</p>	<ul style="list-style-type: none"> <li>▪ Eliminate longevity pay and institute a pay-for-performance compensation system.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Frees \$30 million for performance pay.</li> <li>▪ Rewards employees for job performance and links the organizational goals and employees' needs rather than rewarding employees for merely staying employed.</li> </ul>	<p>3.47</p>

## PERSONNEL SYSTEMS

*Classification System and Compensation Plan*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>8. Eighty-three percent of eligible employees were rated "exceeds expectations" which:</p> <ul style="list-style-type: none"> <li>▪ Reduces the effectiveness of the employee performance evaluation process as the mechanism to adequately reward performance</li> <li>▪ May limit the State's ability to terminate employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Allow performance increases for employees working "at expectations."</li> <li>▪ Train managers and personnel specialists on the proper use of the State's performance evaluation/measurement system.</li> <li>▪ Monitor and report performance increases by EEO protected class categories to ensure non-discriminatory pay practices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishes the performance management system as an effective tool for managers to effectively motivate and manage their employees.</li> <li>▪ Establishes a means for determining the pay increases under a pay-for-performance compensation philosophy.</li> <li>▪ Ensures that performance pay is <i>not</i> used in a discriminatory manner.</li> <li>▪ Provides an accurate employee record that can be used to substantiate poor performance and termination.</li> </ul>	<p>3.51</p>

## PERSONNEL SYSTEMS

### *Employee Benefits*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>9. The State spends an additional \$30 million for health care costs over what other employers are paying for equivalent services.</p>	<ul style="list-style-type: none"> <li>▪ Target utilization of cost-efficient providers.</li> <li>▪ Create a plan that encourages employees to use cost-efficient providers, such as a:               <ul style="list-style-type: none"> <li>▪ Preferred Provider Organization (PPO) strategy (either directly with a provider organization or indirectly through an insurance company)</li> <li>▪ Limit payment strategy (limit payment to "average" treatment costs)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Net savings (after implementation costs) of a strategy for utilizing cost-efficient providers is estimated to be \$45 to \$64 million in the first year of implementation (FY93) and \$5 to \$18 million in annual savings in the subsequent forecast years (FY94 -FY97)</li> </ul>	<p>3.52</p>
<p>10. The State has a limited program to minimize catastrophic illness, but it is not structured to achieve substantial costs savings.</p>	<ul style="list-style-type: none"> <li>▪ Implement an expanded catastrophic care detection and prevention program, targeting certain illnesses.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Net savings (after implementation costs) of \$650 to \$850 million are estimated to be realizable over the first 5 years of the expanded program (approximately \$45 million the first year rising to \$225 million in 1997).</li> <li>▪ The medical plan's annual rate of increase will be reduced.</li> </ul>	<p>3.63</p>

## PERSONNEL SYSTEMS

### Employee Benefits

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>11. Employees and retirees are dropping dependent coverage under the indemnity plan.</p>	<ul style="list-style-type: none"> <li>▪ Conduct a study to determine the most appropriate contribution method. <i>(This work was performed as part of the GPAC issue papers entitled "Retiree Medical Program and Employee Medical Program" found on pages 114 and 115 of this summary.)</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Allows the State to continue offering employees an indemnity plan for their dependents.</li> </ul>	<p style="text-align: center;">3.65</p>
<p>12. The State's benefit program lacks a comprehensive design that allows it to be tailored to employees' needs.</p>	<ul style="list-style-type: none"> <li>▪ Implement a full flexible benefits plan (cafeteria plan) that includes:               <ul style="list-style-type: none"> <li>▪ Health care</li> <li>▪ Life insurance</li> <li>▪ Disability insurance</li> <li>▪ Dental care</li> <li>▪ Vision care</li> <li>▪ Vacation time</li> </ul> </li> <li>▪ Conduct a study to determine changes needed in the current benefit system, employee communications, and benefits design.</li> <li>▪ Implement a comprehensive compensation and benefit program evaluation process.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides employees a wide latitude in tailoring benefits to fit their individual needs.</li> <li>▪ Allows the State to implement flexible benefits and maximize employee appreciation.</li> <li>▪ Enables the State to review its total compensation and benefits package and provide the necessary information to determine a total benefits index.</li> </ul>	<p style="text-align: center;">3.67</p>

## PERSONNEL SYSTEMS

*Employee Benefits*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>13. The current contribution rates circumvent the intent of the law.</p>	<ul style="list-style-type: none"> <li>▪ Examine the State's practices with respect to the current law.</li> <li>▪ Analyze and set the contribution structure annually for each of the following significant groups:               <ul style="list-style-type: none"> <li>▪ Active employees</li> <li>▪ Dependents of active employees</li> <li>▪ Retired employees eligible for Medicare</li> <li>▪ Retired employees not eligible for Medicare</li> <li>▪ Disabled retired employees</li> <li>▪ Dependents of retired employees, eligible for Medicare</li> <li>▪ Dependents of retired employees, not eligible for Medicare</li> </ul> </li> <li>▪ Determine and implement a contribution philosophy for each group covered under the plan.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Determines if the current law permits contributions to be made for those identifiable segments of the employee population that are incurring the claims.</li> <li>▪ Identifies the significant groups that are covered under the medical plan.</li> <li>▪ Ensures the appropriate contribution philosophy.</li> </ul>	<p style="text-align: center;">3.77</p>
<p>14. The administration of the employee pension program is fragmented.</p>	<ul style="list-style-type: none"> <li>▪ Transfer the Firemen's and Rescue Squad Workers' Retirement Plan to the State Treasurer's Office. <i>(This was adopted by the 1992 session of the General Assembly.)</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ Increases efficiencies of administration at the State Treasurer's Office.</li> </ul>	<p style="text-align: center;">3.78</p>

## PERSONNEL SYSTEMS

*Training and Development*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>15. The State does not effectively monitor its training and development expenditures nor does it monitor the use of training.</p>	<ul style="list-style-type: none"> <li>▪ Establish a system to monitor the costs associated with the State's investment in the training and development of its employees.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Allows the State to monitor and track training costs.</li> </ul>	<p style="text-align: center;">3.79</p>
<p>16. The State does not consistently coordinate its training efforts across branches of government nor across agencies.</p>	<ul style="list-style-type: none"> <li>▪ OSP should be responsible for developing and coordinating employee training courses that have statewide applicability.</li> <li>▪ Employee training and development needs for the State should be identified.</li> <li>▪ Line management should have primary responsibility for identifying individual training needs as a formal part of all performance reviews.</li> <li>▪ Employee training activities should be continuously evaluated by OSP.</li> <li>▪ Performance evaluation/measurement training should be increased for all evaluators involved in the employee performance evaluation process.</li> <li>▪ Ensure that managers, supervisors, and EEO agency representatives are trained in the area of equal employment opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensures the successful implementation of these training courses.</li> <li>▪ Allows the State to determine training needs.</li> <li>▪ Allows agencies to identify the training needs of their employees.</li> <li>▪ Ensures that course content, course administration, facilities, and trainers are needed for current job requirements.</li> <li>▪ Removes the skewing of performance evaluations that currently makes them ineffective in a reward-for-performance system.</li> <li>▪ Ensures that managers and EEO representatives are properly trained.</li> </ul>	<p style="text-align: center;">3.81</p>

## PURCHASING ACTIVITIES

*Reducing Cost of Goods and Services*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
1. The State should have a policy for identifying contracting out opportunities.	<ul style="list-style-type: none"> <li>Formulate a policy for contracting out services that includes a clear statement of purpose, sets forth the goals and objectives, and develops a framework that assesses contracting out opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Contracting out encourages competition and increases efficiencies in administration.</li> <li>Contracting out responds better to changing service requirements.</li> <li>Contracting out stimulates innovation.</li> </ul>	3.3
2. The Purchase and Contracts Division needs more timely, detailed, and useful information on purchase activity of State agencies and departments.	<ul style="list-style-type: none"> <li>Develop and implement a management information system on purchase activity by State departments and agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Provides the Purchase and Contracts Division with information to make smart economical orders on commodities purchased on the open market or under term contract by State agencies and departments.</li> </ul>	3.6
3. The Purchase and Contracts Division has not aggressively pursued innovative purchasing practices.	<ul style="list-style-type: none"> <li>The Purchase and Contracts Division should take the lead in aggressively developing innovative procurement practices to:               <ul style="list-style-type: none"> <li>Reduce inventories</li> <li>Streamline and reduce ordering costs</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduces the cost of ordering supplies and services, reduces the volume of inventory maintained by the departments, and increases the quality of products purchased.</li> </ul>	3.8

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>4. The State should increase the use of single prime contractors on capital projects.</p>	<ul style="list-style-type: none"> <li>▪ Thoroughly pursue collecting more detailed information on contracting capital projects:               <ul style="list-style-type: none"> <li>▪ Expand the information being obtained on capital projects</li> <li>▪ Develop specific strategies</li> <li>▪ Set a goal</li> </ul> </li> <li>▪ Develop specific strategies to deal with the necessary legislation changes needed to convert to prime vendor contracting.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Allows the State to review the use of multi-prime and single prime contracts on a definitive and quantifiable basis.</li> <li>▪ Reduces the additional cost and administrative burden of contracting with multi-prime contractors.</li> </ul>	<p>3.12</p>
<p>5. The State should strengthen the controls over use of designers for construction of capital improvement projects.</p>	<ul style="list-style-type: none"> <li>▪ The State Construction Office should develop independent detailed estimates of the expected design costs.</li> <li>▪ The State Construction Office should reevaluate the use of designers to issue construction change orders.</li> <li>▪ The contract with designers should require the designer to provide a specific plan.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables the State to arrive at more precise cost estimates.</li> <li>▪ Shifts the burden of cost overruns to the design firm.</li> <li>▪ Ensures adequate inspection during all phases of project construction.</li> </ul>	<p>3.16</p>

## PURCHASING ACTIVITIES

*Enhancing Quality of Goods and Services*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
6. Purchase and Contracts Division staffing levels have remained constant although the work load has decreased.	<ul style="list-style-type: none"> <li>▪ The Purchase and Contracts Division should eliminate eleven positions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reflects the decrease in work load and would bring the staffing levels in line with 1989 staffing levels.</li> <li>▪ \$440,000 per year savings.</li> </ul>	3.17
7. The State and federal surplus operations are duplicative and should be consolidated to reduce costs.	<ul style="list-style-type: none"> <li>▪ Further analysis should be performed in an effort to consolidate the State and federal surplus property functions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ \$1.7 million for sale of surplus facility and land.</li> <li>▪ Eliminates redundant staffing.</li> <li>▪ Eliminates users making trips to two locations.</li> </ul>	3.20
8. The amount of time required to procure goods and services is too long.	<ul style="list-style-type: none"> <li>▪ Reduce the length of time required to process transactions through the following actions: <ul style="list-style-type: none"> <li>▪ Provide the requesting agency or department the option to decide whether Purchase and Contracts Division needs to return the bid to the using department before an award is made</li> <li>▪ Raise the requirement for approval by the Board of Award to \$100,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduces the length of time for awarding bids by reducing the number of decisions that have to be reviewed by the Board of Award.</li> <li>▪ Makes the Board of Award more efficient.</li> </ul>	3.23
9. Term contracts result in higher prices to the State.	<ul style="list-style-type: none"> <li>▪ Negotiate minimum and maximum limits for term contracts.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improves the effectiveness of term contracts and the responsiveness to needs of agencies and departments.</li> </ul>	3.25

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>10. The State has two contradictory policies on State agencies and departments purchasing goods and services from Correction Enterprises.</p>	<ul style="list-style-type: none"> <li>▪ Clarify the State policies on purchases from Correction Enterprises through the following: <ul style="list-style-type: none"> <li>▪ Develop a policy that addresses the appropriate size, capacity, and potential benefits to prisoner rehabilitation</li> <li>▪ Develop a policy that clearly specifies when State agencies and departments should purchase from Correction Enterprises</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides management information on the manufacture of goods and provision of services by Correction Enterprises.</li> </ul>	<p>3.26</p>
<p>11. The Staff resources used to develop product standards should be redirected to more productive use.</p>	<ul style="list-style-type: none"> <li>▪ Improve the effectiveness of the standard engineers through the following: <ul style="list-style-type: none"> <li>▪ Establish a program for the prioritization of commodities needing development of specification standards</li> <li>▪ Evaluate the adoption of standards that have been already developed</li> <li>▪ Evaluate the need to reassign standards engineers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Maximizes the benefits of standardization and enables the State to expand the number of commodities covered by specification standards.6.</li> </ul>	<p>3.28</p>

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>12. The Purchase and Contracts Division is not provided clear authority to perform oversight reviews of purchase activities of State agencies and departments to ensure adherence to procurement policies and procedures.</p>	<ul style="list-style-type: none"> <li>▪ Improve the oversight of State procurement practices through the following:               <ul style="list-style-type: none"> <li>▪ The Department of Administration should provide a clear mandate to the Purchase and Contracts Division</li> <li>▪ The Purchase and Contracts Division should establish a program for oversight reviews of departments and agencies</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables the Purchase and Contracts Division to perform oversight reviews of procurement practices of departments and agencies.</li> <li>▪ Ensures compliance with policies and procedures and identifies opportunities for improvements in procurement practices.</li> </ul>	<p>3.29</p>
<p>13. Purchasing procedures are out of date and incomplete.</p>	<ul style="list-style-type: none"> <li>▪ Improve the utility of the State Purchasing Manual for procurement staff in the Division of Purchase and Contracts and purchasing staff in departments and agencies by:               <ul style="list-style-type: none"> <li>▪ Updating the State Purchasing Manual</li> <li>▪ Providing guidance on informal purchasing policies to agencies</li> <li>▪ Developing a buyers' code of ethics</li> <li>▪ Establishing policies and procedures for handling bid protests</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Brings purchasing procedures up-to-date and ensures that they are complete.</li> <li>▪ Allows procurement staff to perform their duties more efficiently.</li> </ul>	<p>3.35</p>

## PURCHASING ACTIVITIES

*Increasing Operating Efficiency*

FINDINGS	RECOMMENDATIONS	RESULTS	REPORT PAGE
<p>14. State agencies lack useful information on available surplus property and incentives are lacking for agencies to report surplus property.</p>	<ul style="list-style-type: none"> <li>▪ Enhance the use of surplus property by State agencies and departments:</li> <li>▪ The surplus property sections should develop an on-line inventory management system</li> <li>▪ State agencies should be provided direct reimbursement for proceeds from sale of surplus property</li> </ul>	<ul style="list-style-type: none"> <li>▪ State agencies would be able to easily access the system and identify usable surplus.</li> <li>▪ A fifteen percent increase in property would equal an additional:               <ul style="list-style-type: none"> <li>▪ \$2.4 million in State Surplus Property</li> <li>▪ \$1.2 million in Federal Surplus Property</li> </ul> </li> </ul> <p>These surpluses may be sold to other State agencies, nonprofit organizations, local governments, and private citizens.</p>	<p style="text-align: center;">3.37</p>
<p>15. The State lacks a well-targeted program for meeting its contracting goals with minority-owned, women-owned, and disabled-owned businesses.</p>	<ul style="list-style-type: none"> <li>▪ The State should have a more aggressive program on contracting with minority-owned, women-owned, and disabled-owned business firms to meet its legislatively and executively mandated program goals:</li> <li>▪ Publicize the central contact point for minority businesses</li> <li>▪ Hold outreach programs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Encourages minority-owned, women-owned, and disabled-owned businesses to conduct business with the State.</li> </ul>	<p style="text-align: center;">3.38</p>